CAPITALIZING ON
DISRUPTION

Businesses Use Location Intelligence to Build Customer Engagement

esri®

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Digital Transformation in Business

Business goes through cycles of creative disruption to evolve and change. Companies that are unable to see threats or to strategically understand shifts in the market will not survive. However, those that are nimble—able to anticipate change and understand its impact on their business— not only survive but thrive during periods of disruption.

News outlets continue to report that traditional business models dependent on brick-and-mortar locations are dying. In retail, banking, insurance, and manufacturing, there is a myth that customers are no longer willing to engage with their favorite companies in physical locations. Nothing could be farther from the truth. Empowered consumers now have 24/7 access to data about the companies they interact with, which is fundamentally changing business. Companies that understand and engage customers with relevant, timely offers and communication can retain and build loyalty. Businesses today also have more data—and the technology to analyze it—than ever before. Those that are able to harness that data effectively will thrive and grow. Making data a precise tool for gaining deeper insight is the key to competing in this new commercial landscape.

Staying Competitive with Empowered Customers

The disruption being experienced by businesses today, in most cases, is being driven by new technologies that enable customers to have access to more data about the companies they do business with. The result is a massive swing in the balance between supply and demand.

Instant access to a global marketplace has created new competitive pressures for businesses. The ability to search and transact with new suppliers using nothing more than a smartphone has created a frictionless business environment. Customers can change these providers and suppliers by simply dragging their finger across a screen.

Customers Are in Control

Unprecedented transparency about the companies they do business with has given customers the upper hand.

Quality, service, price, and reliability are all metrics that are being shared by customers across multiple platforms, in real time. This has created an environment where customers have an outlet to react to companies that do not deliver on their level of service or their promise of quality and value. Companies have a difficult time when they try to control or contain messaging. Those that succeed have the data and technology to better understand their customers in order to meet their needs and expectations in a way that's relevant and genuine.
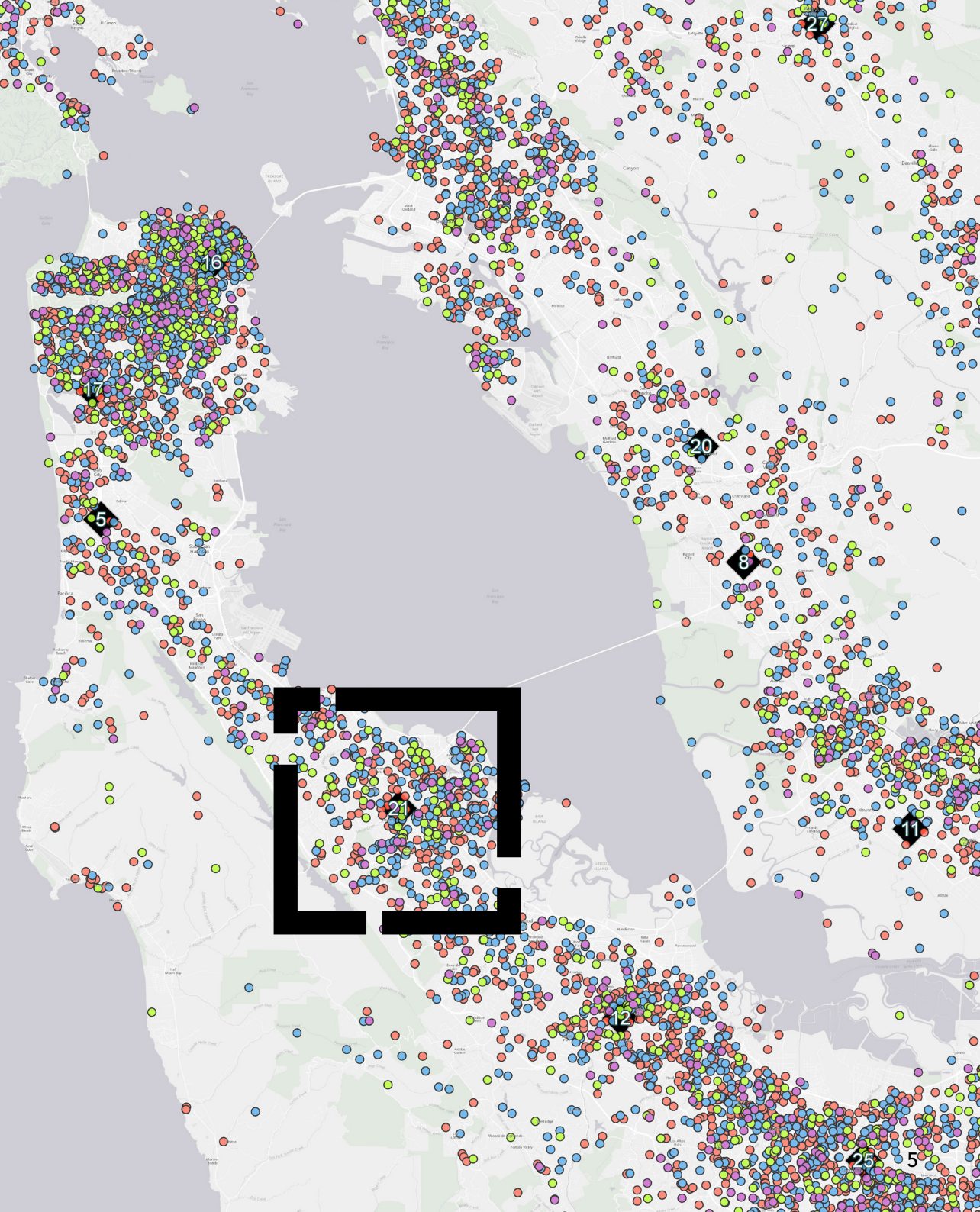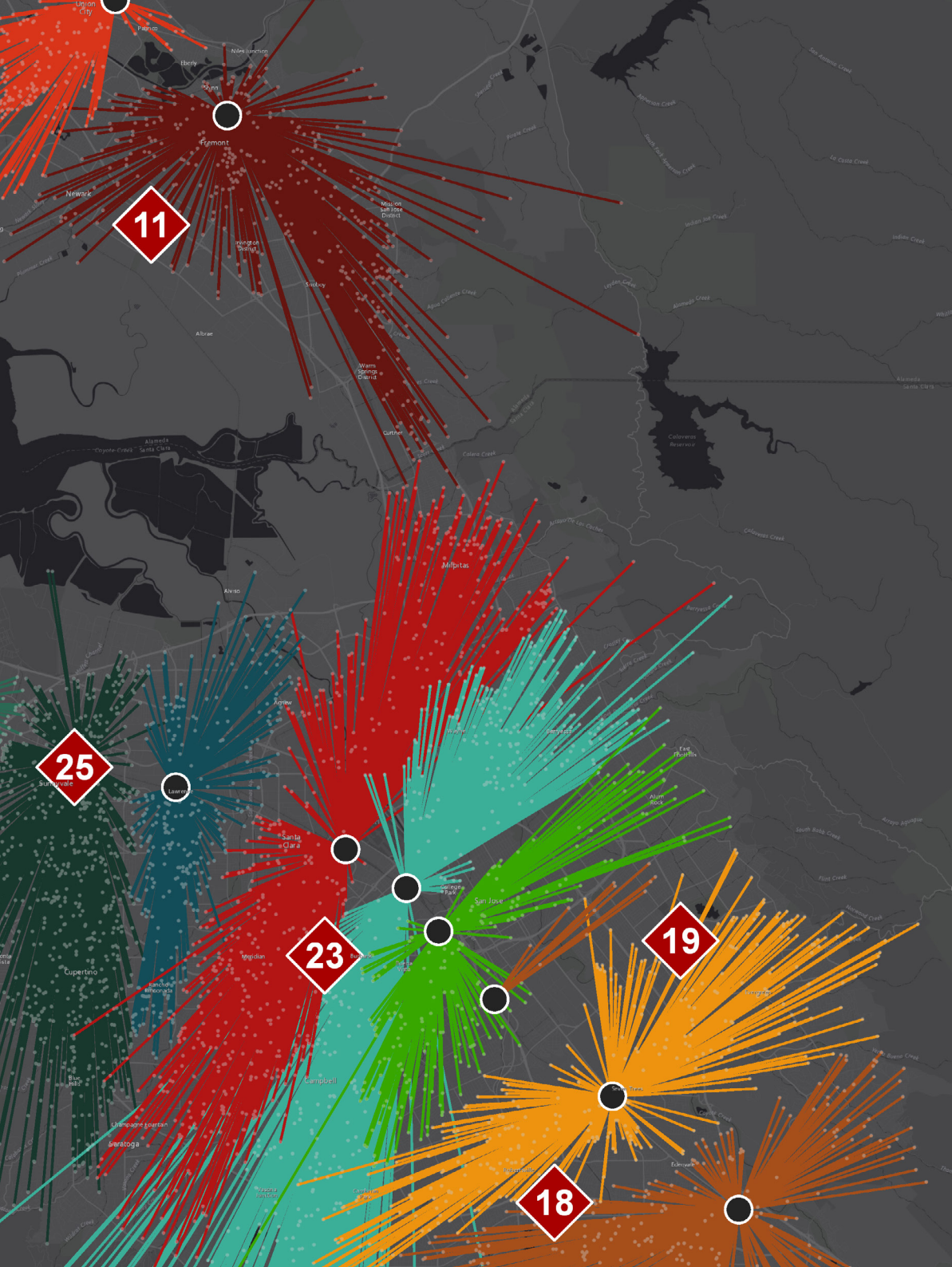
Customer Centricity Is the New Operating Model for Business

It's more important than ever to be customer-centric, because competitors reach customers across channels with increasing velocity. Successful companies use data to maintain a very sharp focus on enhancing their value proposition.

Location data is critical to understanding customers—who they are, where they are, and what they want. Location intelligence and technology combine to provide insights into customer behavior that are not apparent any other way.

Using location data supports the following:

Making Personalization a Priority

Personalization and localization help businesses meet and exceed customer expectations. It's important to ensure that when customers engage with a brand, they feel like their needs have been met and that the experience has exceeded their expectations. That positive touchpoint makes it harder for the competition to pull those customers away.

Being Seamless across Channels

Whether online, via a mobile app, or in stores, customers need to have one cohesive experience. Location intelligence enables companies to understand how customers interact with and buy across all their channels, enabling a truly unified commerce experience.

Building Brand Loyalty

Delivering exceptional experiences, services, and products is critical to keeping your customers happy. It's also an opportunity to grow your business, as customers will share their positive experiences with their colleagues.

Data Is the Fuel That Drives Engagement

Segmentation and personalization are among the most important capabilities businesses can use to build customer-centric strategies. Datacentric insights amplify messaging and drive relevancy— from merchandising all the way through pricing, advertising, and marketing.

As customers interact with stores and products, they leave a digital trail that provides businesses with a greater understanding of who their customers are and what they prefer. Businesses have a tremendous amount of data at their disposal, and quickly turning that information into actionable insights is essential to managing disruption. Aggregating the data helps companies find statistically significant groups of people within populations who behave in a similar way, and it supports critical segmentation and personalization.

Location Brings Disparate Data Together

Location is critical to an enterprise data strategy. Location provides a common data point that allows businesses to join disparate data sources, unlocking new insights about customers and how they interact with a company. Geography helps businesses understand why things happen where they do.

All the data that these companies use—such as income, consumer sentiment, footfall traffic, and demographics—is geographic in nature. Being able to tie business activities to locations—from purchases to deliveries—allows businesses to understand why things happen in specific places.
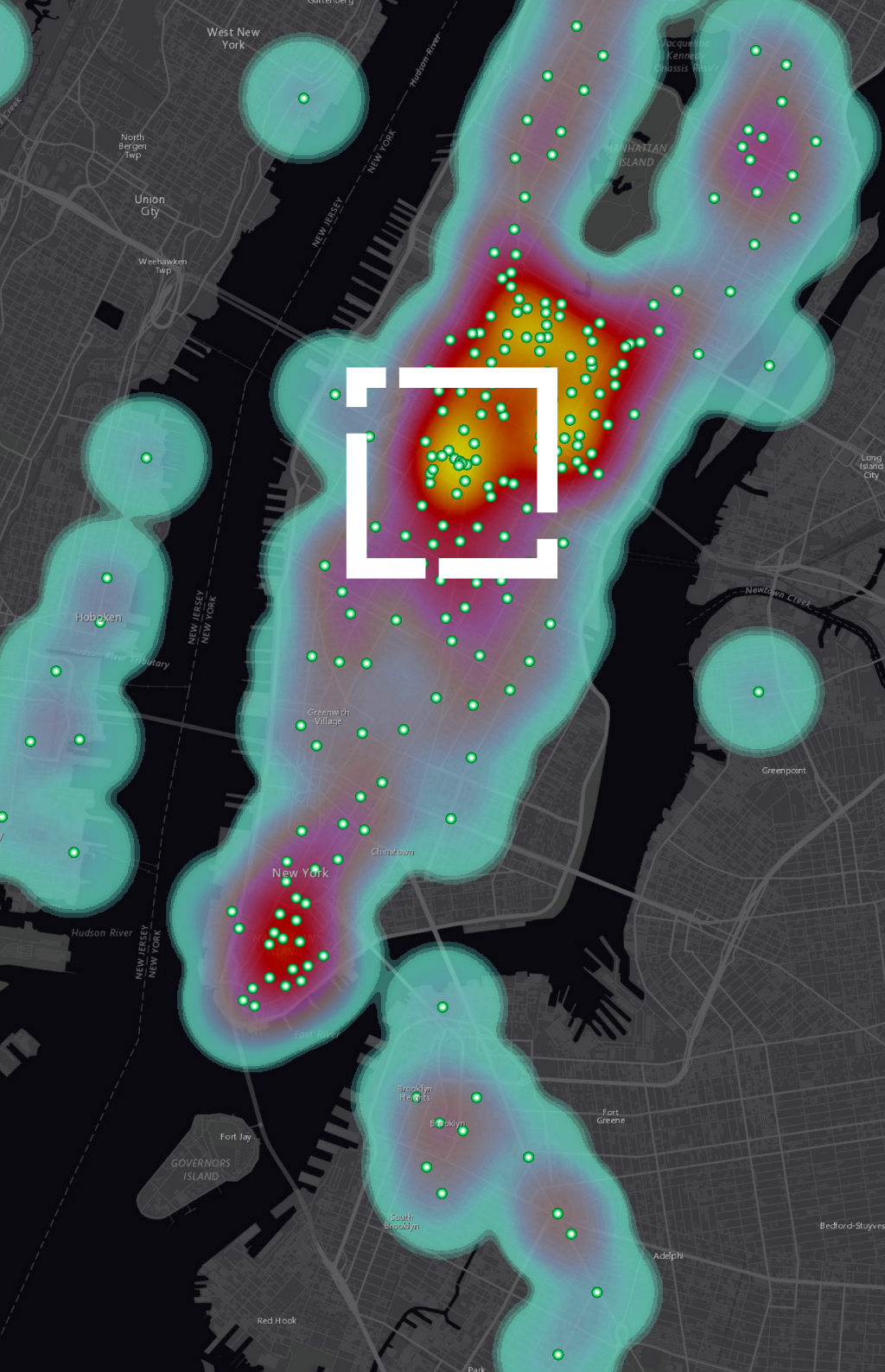
Insights Are Uniquely Tied to Location

Location-based technology provides insights that businesses can't find through other means. It allows the interrogation of structured and unstructured data about customer interactions across channels. Smart maps show where people work and play, where they travel, and what their priorities are. That data is critical to strengthening customer engagement.

There are four advantages to using location-based technology:

1. Gaining Insights from Big Data
   Location is critical to a successful data management strategy. Bringing together huge datasets from disparate sources can reveal previously unseen spatial relationships, like how many customers live near a given store, bank branch, or supply chain distribution center. It also tells us how many customers live in the same neighborhood, how far they must travel, and the characteristics of customers in areas where certain products sell better. Maps and spatial analysis unite customer, demographic, and product data to show the full picture of business activity.

2. Understanding Customers Better
   Insights from segmented demographic data and spatial analysis furnishes businesses with valuable information on customer preferences and paths to purchase that can be easily shared within the company.

3. Reaching More Customers

Finding concentrations of ideal customers in specific markets drives target marketing. Developing precise routes for deliveries makes reliable home delivery possible. Retailers can determine the best product mix in a specific location to build brand loyalty. Likewise, manufacturers, financial services, and insurance companies can use demographic data to see where specific groups live so they can tailor their messaging and products precisely.

4. Making Faster Decisions

Incorporate up-to-the-minute data into maps and analysis so that everyone in your organization can understand it and quickly make informed decisions. Correlation analysis addresses questions of how to increase sales in one place and then extends best practices to another area. Modeling helps predict outcomes based on what is currently happening in a given location. It's imperative for businesses to predict, respond, and evolve quickly, because customers don't wait.

Case Studies

X5 Retail Group

X5 is a grocery and convenience store chain in Russia that opened 5,000 successful new locations in the past two years, which makes it the top retailer by revenue in Russia. The company achieved this by using location intelligence technology. Until recently, X5 was lucky to open 500 stores in a year. So it applied location intelligence to several areas of its planning strategy. This helped X5 predict revenue at projected locations; optimize planning for new locations with data on population income levels, travel distances, and liquor licensing regulations; determine the type and format of new stores by using demographic information to optimize inventory content and pricing, as well as parking, for potential locations and existing ones; and calculate the lowest rents for each new location, as well as speed the leasing process to control costs.

The Shopping Center Group

The Shopping Center Group (TSCG) is the largest retail-only real estate organization in the United States. With approximately 700 retailer and landlord clients, TSCG's biggest challenge is that each client wants something different. By being able to precisely map the population profiles and purchasing preferences of specific locations, TSCG was able to produce hundreds of demographic, psychographic, and expenditure reports daily, along with 30–50 unique maps. And each map was targeted to a different retail client.
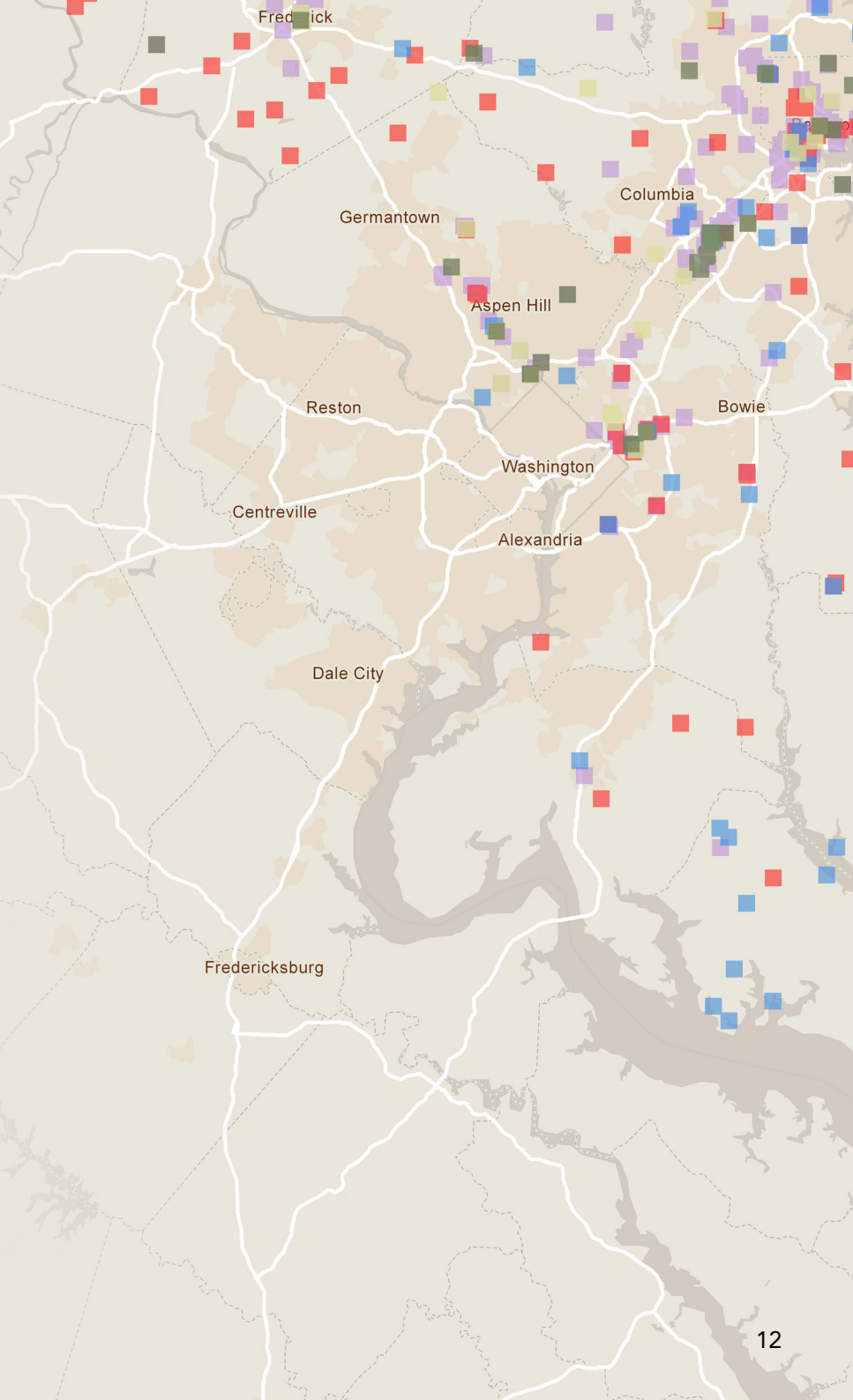
Regions Bank

After the financial crisis of 2008, banks have been trying to keep up with the complex regulations that emerged in the aftermath. But Regions Bank set out to not only be compliant, it also sought to go above and beyond by doing good for customers. By innovating its enterprise with location intelligence technology, Regions Bank was able to speed up the process of compliance, as well as quickly visualize how opening new branches would affect neighborhoods in low-income and underserved communities. Location intelligence also enabled it to efficiently target customers that are traditionally underbanked. This typically would have taken weeks, but with the new system, Regions Bank was able to do this with fewer personnel in just days.

General Motors

Over 4,300 General Motors (GM) dealers need insights on how to meet local demand successfully and grow their business. So GM used location intelligence to model performance between dealerships based on their spatial environments. This allowed GM to view local demographics, location characteristics, regional differences, and even the competitive brand environment to determine how a given dealership should be performing compared to actual results. Understanding customer preferences also gave the company an edge in delivering excellent customer service at the dealership level. Location intelligence made it easier for the company to isolate demand, target its marketing efforts to local preferences, and position its dealerships to improve success.
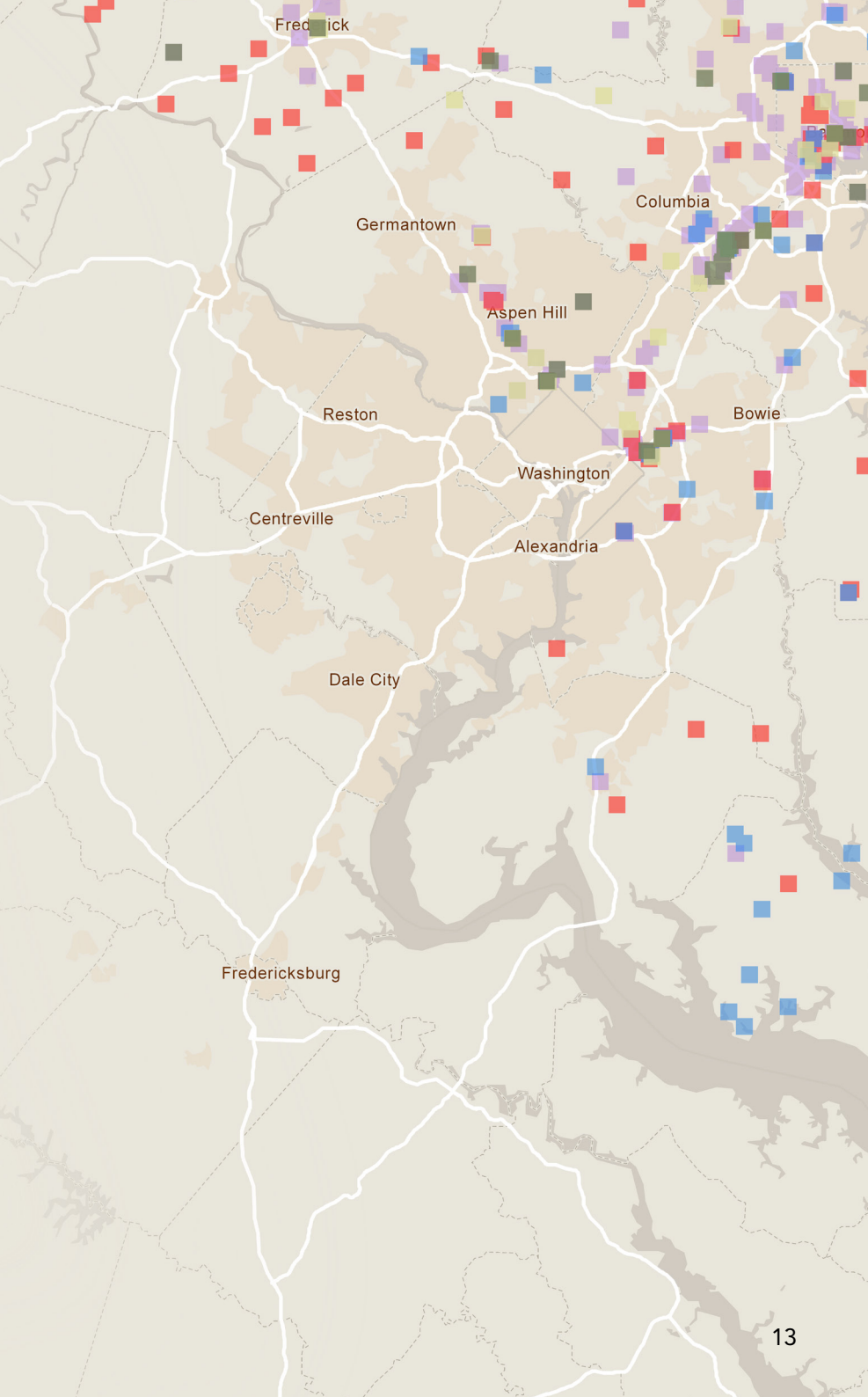
Digital disruption is changing business, and there is no going back.

Esri's ArcGIS technology has supported all types of companies through transitions for decades and will continue to support this most recent digital evolution. With innovative location-based technology shedding light on customer behavior, businesses can launch successful, customer-centric strategies.

The ArcGIS platform enables businesses to turn vast amounts of data at their fingertips into a useful tool. It allows them to know precisely what customers want so they can understand and predict consumer behavior. Armed with these deep insights, companies are better equipped to make more cost-efficient and profitable decisions.

Learn more about how innovative businesses are growing their markets through location intelligence: *esri.com/market-development*.

About Esri

Esri, the global market leader in geographic information system (GIS) software, offers the most powerful mapping and spatial analytics technology available. Since 1969, Esri has helped customers unlock the full potential of data to improve operational and business results. Today, Esri software is deployed in more than 350,000 organizations including the world's largest cities, most national governments, 75 percent of Fortune 500 companies, and more than 7,000 colleges and universities. Esri engineers the most advanced solutions for digital transformation, the Internet of Things (IoT), and location analytics to inform the most authoritative maps in the world. Visit us at *esri.com*.

Esri supports retailers with location-driven insights, skills, knowledge, and resources for the following:

- Market Analysis and Customer Analytics
- Site Analysis and Selection
- Merchandising
- Business Intelligence
- Store Operations

Esri can help you drive incremental sales growth and build greater precision in your decision-making and core operations through the use of smart mapping, spatial analytics, and real-time data.

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